GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:430
ANSWERED ON:31.03.2017
Special Tax Rate for Coffee Industry under GST
Muddahanumegowda Shri S.P.

Will the Minister of FINANCE be pleased to state:

(a) whether the coffee industry has sought a special tax rate under the new Goods and Services Tax (GST) regime and if so, the details thereof;

(b) the grounds cited by the industry for seeking such rate; and

(c) the response of the Government to the request of the coffee industry?

Answer

MINISTER OF FINANCE
(SHRI ARUN JAITLEY)

(a), (b) and (c):A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO.430 RAISED BY SHRI S. P. MUDDAHANUME FOR 31ST MARCH, 2017 REGARDING SPECIAL TAX RATE FOR COFFEE INDUSTRY UNDER GST

Part (a): Yes, Madam. Representation has been received from Coffee Planters Association requesting for exemption under GST.

Part (b): Exemption has been sought under GST to entire process of coffee growing upto the stage of curing, inter alia, on the following grounds:
1. Coffee is an agriculture produce and cannot be consumed as such till roasted and ground.
2. Entire process of coffee growing upto the stage of curing is considered as intermediary stage of coffee production.
3. Taxable event should commence from the stage of value addition i.e. from roasting and grinding of seeds, when coffee is actually available for consumption in form of beverages.

Part (c): Under the provisions of Article 279A (1) of the amended Constitution, the GST Council was constituted by the President vide Notification dated 15.09.2016. As per Article 279A (4), the Council will make recommendations to the Union and the States on important issues related to GST, including the goods and services that may be subjected or exempted from GST and the GST rates including the floor rates with bands. The Goods and Services Tax Council will make recommendations to the Union and the States on the goods and services that may be subjected to, or exempted from the goods and services tax. Therefore, the tax treatment for coffee under the proposed GST regime will be decided based on the recommendations of the Goods and Services Tax Council.

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